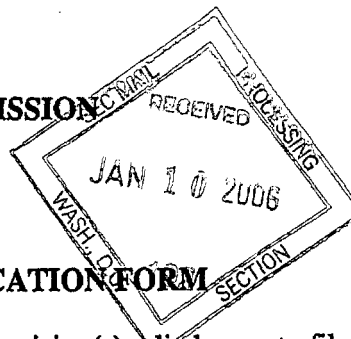




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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549



Form CB

**TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM**

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering)	<input type="checkbox"/>
Securities Act Rule 802 (Exchange Offer)	<input checked="" type="checkbox"/>
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)	<input type="checkbox"/>
Exchange Act Rule 14d-1(c) (Third Party Tender Offer)	<input type="checkbox"/>
Exchange Act Rule 14e-2(d) (Subject Company Response)	<input type="checkbox"/>
Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)	<input checked="" type="checkbox"/>

Kabushiki Kaisha Dentsu Tec  
(Name of Subject Company)

Dentsu Tec Inc.  
(Translation of Subject Company's Name into English (if applicable))

Japan  
(Jurisdiction of Subject Company's Incorporation or Organization)

Kabushiki Kaisha Dentsu  
(Name of Person(s) Furnishing Form)

Common Stock  
(Title of Class of Subject Securities)

None  
(CUSIP Number of Class of Securities (if applicable))

Tetsuo Machida, Managing Director, Headquarters for Americas, Dentsu, Inc.  
488 Madison Ave. 23<sup>rd</sup> Floor, New York, NY 10022, (212) 829-5120  
(Name, Address (including zip code) and Telephone Number (including area code) of  
Person(s) Authorized to Receive Notices and Communications on Behalf of Subject Company)

January 10, 2006  
(Date Tender Offer/Rights Offering Commenced)

PROCESSED  
JAN 17 2006  
THOMSON  
FINANCIAL

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## **PART I – INFORMATION SENT TO SECURITY HOLDERS**

### **Item 1.   *Home Jurisdiction Documents***

- (a)   See Exhibit I.1.(a).
- (b)   Not applicable.

### **Item 2.   *Informational Legends***

Included in document attached hereto as Exhibit I.1.(a).

## **PART II – INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS**

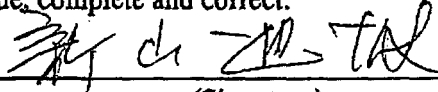
- (1)   Not applicable.
- (2)   Not applicable.
- (3)   Not applicable.

## **PART III – CONSENT TO SERVICE OF PROCESS**

- (1)   Form F-X filed concurrently with the Commission on January 10, 2006.
- (2)   Not applicable.

**PART IV - SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.



(Signature)

Michio Niiyama, Managing Director

(Name and Title)

1/10/2006

(Date)

Exhibit	Description	Page No.
1.	Notice of Extraordinary Shareholders' Meeting	5

**EXHIBIT 1.**

**Notice of Extraordinary Shareholders' Meeting**

**Dentsu Tec Inc.**

#### Notice to U.S. Shareholders

- This proposed exchange offer is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in this document have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.
- It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.
- You should be aware that the issuer may purchase securities otherwise than in connection with the exchange offer, such as in open market or privately negotiated purchases

This is an English translation of a document originally written in Japanese, and has been prepared for reference purposes only.

January 10, 2006

To all shareholders:

Tatsuji Matsui, President & CEO  
DENTSU TEC INC.  
1-11-10, Tsukiji, Chuo-ku, Tokyo

### Notice of Extraordinary General Meeting of Shareholders

This is to inform you that an Extraordinary General Meeting of Shareholders will be convened as shown below and to request your attendance.

If you are unable to attend the meeting in person, you may exercise your voting rights by submitting a voting instruction card. We ask that you study the "Reference Materials on the Exercise of Voting Rights," indicate yes or no on the enclosed ballot form, affix your seal and return it to us prior to the meeting.

#### Details

1. **Date and Time** 10:00 a.m., Wednesday, January 25, 2006
2. **Location** Main Hall, 13F, DENTSU TEC Head Office, 1-11-10, Tsukiji, Chuo-ku, Tokyo

(See the attached map as to the location of the General Meeting of Shareholders.)

#### 3. Purpose of meeting

##### Agenda items

- |               |   |
|---------------|---|
| Agenda Item 1 | To approve a share exchange agreement between DENTSU TEC INC. and Dentsu Inc.<br><br>Details of the proposal will be found in the attached "Reference Materials on the Exercise of Voting Rights" (pages 2 – 31). |
| Agenda Item 2 | To partially amend the Articles of Incorporation<br><br>Details of the proposal will be found in the attached "Reference Materials on the Exercise of Voting Rights" (pages 32-33).                               |

~~~~~  
Request: If you will attend the meeting, please bring the attached ballot form with you and submit it at the meeting reception desk.

## Reference Materials on the Exercise of Voting Rights

1. Total number of voting rights held by all shareholders 99,895 votes
2. Proposal and reference materials

Agenda Item 1: To approve a share exchange agreement between DENTSU TEC INC. and Dentsu Inc.

1. Reasons for share exchange

The Dentsu Group is reorienting towards the development of four new markets that will ensure its continued growth in the twenty-first century: the domestic advertising market, advertising-related markets, new markets and overseas markets. In advertising-related markets, a key task is to boost competitiveness in the field of promotions, which is the central business in this field.

Unification of the Dentsu Group and seamless value-added activity are especially essential to respond to increasing client needs for integrated services.

Dentsu and DENTSU TEC have determined that, in order to increase shareholder value of both companies, it is desirable for DENTSU TEC, the Group's core company in the fields of promotions and creative works, to become a wholly-owned subsidiary of Dentsu by way of a share exchange and for both companies to further develop cooperation in the areas of advertising and marketing services and to strengthen their provision of services in advertising-related markets. Both companies signed a share exchange agreement on November 15, 2005.

We hope that our shareholders will agree with the intentions behind the share exchange and we encourage you to approve this proposal.

2. Details of share exchange agreement

Described below are the share exchange agreement for the share exchange to be conducted between DENTSU TEC and Dentsu pursuant to the methods set forth in Articles 352 through 363 of the Commercial Code, and also the preparatory documentation set forth in Article 354 of the Commercial Code.

### *Share Exchange Agreement (copy)*

Dentsu Inc. ("Dentsu") and DENTSU TEC INC. ("DENTSU TEC") hereby enter into this share exchange agreement ("the/this Agreement"), as follows:

#### Article 1 (Share exchange)

Dentsu and DENTSU TEC shall conduct a share exchange pursuant to the methods set forth in Articles 352 through 363 of the Commercial Code of Japan and in accordance with the terms and conditions of this Agreement whereby Dentsu shall become the wholly-owning parent company of DENTSU TEC and DENTSU TEC shall become a wholly-owned subsidiary of Dentsu.

#### Article 2 (Date of share exchange)

The date of the share exchange shall be April 1, 2006; provided, however, that such date may be changed upon consultation between Dentsu and DENTSU TEC when necessary for the procedures for the share exchange or for any other reason.

#### Article 3 (Treasury shares to be distributed at the time of the share exchange and allocations to shareholders)



At the time of the share exchange, Dentsu shall, in lieu of issuing new shares, distribute 42,730 shares of treasury common stock held by Dentsu to the shareholders (including the beneficial shareholders; the same shall apply hereinafter), whose names appear on the shareholders' register of DENTSU TEC (including the beneficial shareholders' register; the same shall apply hereinafter) as of the close of business on the day immediately preceding the date of the share exchange, said shares to be allocated in the ratio of 0.0132 shares of treasury common stock held by Dentsu per 1 share of common stock of DENTSU TEC held by the shareholders; provided, however, that Dentsu shall not allocate shares of common stock held by Dentsu for the 7,162,880 shares of common stock of DENTSU TEC held by Dentsu.

**Article 4 (Amount of stated capital and capital reserve to be increased)**

The amount of the stated capital and the capital reserve to be increased by Dentsu due to the share exchange shall be as follows:

- (1) Stated Capital      No increase shall be made.
- (2) Capital reserves      The amount equal to the amount of the net assets of DENTSU TEC as of the date of the share exchange multiplied by the ratio of the number of shares of DENTSU TEC to be transferred to Dentsu as a result of the share exchange to the total number of issued shares of DENTSU TEC as of the date of the share exchange, less the total amount of the book value of the shares of treasury common stock of Dentsu which are delivered by Dentsu to the shareholders of DENTSU TEC pursuant to Article 3 above.

**Article 5 (Interim dividends and profit dividends)**

1. Dentsu shall pay interim dividends (the cash distribution set forth in Article 293.5 of the Commercial Code of Japan) to the shareholders or registered pledgees whose names appear on the shareholders' register as of the close of business on September 30, 2005 up to the amount of ¥1,000 per share and ¥2,697,174,280 in total.
2. DENTSU TEC plans to pay dividends of not less than ¥20 per share to the shareholders or registered pledgees whose names appear on the shareholders' register of DENTSU TEC for the fiscal term ending on March 31, 2006, as of the close of business on March 31, 2006.

**Article 6 (Term of office of directors appointed prior to the share exchange)**

The term of office of any person who has assumed the office of director or statutory auditor of Dentsu prior to the date of the share exchange shall expire at the time when such term of office would have expired in the absence of the share exchange contemplated hereunder.

**Article 7 (General meeting to approve share exchange)**

1. DENTSU TEC shall convene an extraordinary general meeting of shareholders on January 25, 2006 ("General Meeting to Approve Share Exchange") to seek a resolution approving this Agreement and all necessary matters in relation to the share exchange; provided, however, that this date may be changed upon consultation between Dentsu and DENTSU TEC when necessary for the procedures for the share exchange or for any other reason.
2. Pursuant to the provisions of Article 358, Paragraph 1 of the Commercial Code of Japan, Dentsu shall conduct the share exchange under this Agreement without obtaining the approval of a general meeting of shareholders of Dentsu.
3. At the General Meeting to Approve Share Exchange, DENTSU TEC shall seek a resolution concerning the deletion of Article 12 (record date) of the Articles of Incorporation of DENTSU TEC.

Dentsu and DENTSU TEC shall, from the execution date of this Agreement until the date of the share exchange, execute their business and shall manage and administer their assets with the care of a good manager, and any act that will have a material effect on their assets, rights and obligations shall be conducted upon prior consultation between the parties hereto.

If, during the period from the execution date of this Agreement until the date of the share exchange, as a result of an act of God or due to any other reasons, a material change in the status of the assets or the business conditions of Dentsu or DENTSU TEC arises, or a situation arises that materially hinders the implementation of the share exchange under this Agreement, Dentsu and DENTSU TEC may, upon mutual consultation, modify the terms of the share exchange and other contents of this Agreement or terminate this Agreement.

This Agreement shall cease to be effective in the event that DENTSU TEC is unable to obtain approval at the General Meeting to Approve Share Exchange as set forth in Article 7 or in the event that shareholders holding one-sixth (1/6) or more of the total voting rights of all the shareholders of Dentsu give Dentsu a notice to oppose the share exchange pursuant to the provisions of Article 358, Paragraph 5 of the Commercial Code of Japan.

Any necessary matters related to the share exchange not specified in this Agreement shall be determined upon consultation between Dentsu and DENTSU TEC in accordance with the intentions and spirit of this Agreement.

November 15, 2005

For DENTSU TEC: Tatsuji Matsui, President & CEO  
(Seal)  
DENTSU TEC INC.  
1-11-10, Tsukiji, Chuo-ku, Tokyo

Described below is the content of the “document attesting to the rationale for matters related to the allocation of shares to shareholders of the company becoming a wholly-owned subsidiary” pursuant to Article 354, Paragraph 1, Item 2 of the Commercial Code of Japan.

## 10

The share exchange ratio for the share exchange (the "Share Exchange") scheduled to take place on April 1, 2006 between Dentsu Inc. ("Dentsu") and DENTSU TEC INC. (the "DENTSU TEC" or the "Company") was determined as described below.

1. In discussing the share exchange ratio for the Share Exchange with Dentsu, the Company assigned KPMG FAS Co., Ltd. ("KPMG FAS") to serve as a third-party institution and calculate a share exchange ratio for the Share Exchange that would serve as basic material to be referred to in the negotiations and discussions between the Company and Dentsu.
2. Having accepted the assignment, KPMG FAS reviewed public documents related to the Company and Dentsu as well as other materials submitted by both companies, analyzed the value of the shares of the Company using the market share price average method and the discounted cash flow method, analyzed the value of the shares of Dentsu using the market share price average method, arrived at a total consideration of these analytical findings, and used this result to calculate a proposed share exchange ratio which it submitted to the Company.
3. The Company reviewed the share exchange ratio proposal received from KPMG FAS, referred to it in negotiations and discussions to determine the share exchange ratio with Dentsu, and repeatedly and concertedly studied the share exchange ratio.
4. As a result of negotiations, discussions and studies, the Company and Dentsu both determined that it was fair and rational to conduct the Share Exchange at a ratio of 1 share of common stock of Dentsu to 0.0132 shares of common stock of the Company (allot 0.0132 shares of Dentsu per 1 share of DENTSU TEC), and this ratio was approved at meetings of their respective boards of directors held on November 15, 2005. Their respective boards also resolved to execute the share exchange agreement for the Share Exchange, and this agreement was entered into between the Company and Dentsu that same day. The share exchange ratio is within the range of the proposed share exchange ratio furnished by KPMG FAS.

End of document

November 15, 2005

Tatsuji Matsui, President & CEO  
DENTSU TEC INC.  
1-11-10, Tsukiji, Chuo-ku, Tokyo

4. The Balance Sheets and the Statements of Income of the companies to conduct the share exchange, pursuant to the provisions of Article 354, Paragraph 1, Items 3 through 6 of the Commercial Code of Japan
- (1) The Balance Sheet and the Statement of Income for DENTSU TEC INC. prepared within six months prior to the general meeting of shareholders

**Balance Sheet**

(As of September 30, 2005)

(Unit: Millions of yen)

| Account                                  | Amount        | Account                                                    | Amount        |
|------------------------------------------|---------------|------------------------------------------------------------|---------------|
| <b>(ASSETS)</b>                          | <b>66,831</b> | <b>(LIABILITIES)</b>                                       | <b>41,837</b> |
| Current Assets                           | 59,665        | Current Liabilities                                        | 38,417        |
| Cash and deposits                        | 4,978         | Trade notes payable                                        | 1,866         |
| Trade notes receivable                   | 178           | Trade accounts payable                                     | 33,068        |
| Trade accounts receivable                | 41,709        | Income tax payable                                         | 77            |
| Marketable securities                    | 1,104         | Advance receipts                                           | 128           |
| Inventories                              | 3,152         | Other                                                      | 3,276         |
| Deferred tax assets                      | 737           | Long-term Liabilities                                      | 3,419         |
| Short-term loans to affiliated companies | 7,405         | Liability for employees' retirement benefits               | 2,749         |
| Other                                    | 419           | Retirement allowances for directors and corporate auditors | 281           |
| Allowance for doubtful accounts          | (21)          | Long-term accrued amount payable                           | 389           |
| Fixed Assets                             | 7,165         | (Shareholders' Equity)                                     | 24,993        |
| Tangible fixed assets                    | 2,162         | Common stock                                               | 2,650         |
| Intangible fixed assets                  | 531           | Additional paid-in capital                                 | 3,305         |
| Investments and other assets             | 4,471         | Capital reserves                                           | 3,283         |
| Deferred tax assets                      | 1,170         | Additional paid-in capital – other                         | 21            |
| Other                                    | 3,364         | Retained earnings                                          | 19,988        |
| Allowance for doubtful accounts          | (63)          | Legal reserves                                             | 156           |
|                                          |               | Voluntary reserves                                         | 19,047        |
|                                          |               | Unappropriated retained earnings                           | 784           |
|                                          |               | Net unrealized gain on available-for-sale securities       | 55            |
|                                          |               | Treasury stock – at cost                                   | (1,005)       |
| <b>Total Assets</b>                      | <b>66,831</b> | <b>Total Liabilities and Shareholders' Equity</b>          | <b>66,831</b> |

Statements of Income

From April 1, 2005  
to September 30, 2005

(Unit: Millions of yen)

| Account                                                    |                                                                    | Amount |        |
|------------------------------------------------------------|--------------------------------------------------------------------|--------|--------|
| Ordinary Income and Loss Section                           | Operating revenue                                                  |        | 67,685 |
|                                                            | Sales                                                              | 67,685 |        |
|                                                            | Operating expenses                                                 |        | 66,306 |
|                                                            | Cost of sales                                                      | 59,570 |        |
|                                                            | Selling, general and administrative expenses                       | 6,735  |        |
|                                                            | Operating income                                                   |        | 1,379  |
|                                                            | Non-operating revenue                                              |        | 101    |
|                                                            | Interest and dividend income                                       | 40     |        |
|                                                            | Received commission                                                | 4      |        |
|                                                            | Equity in earnings of investment partnerships                      | 51     |        |
|                                                            | Other                                                              | 4      |        |
|                                                            | Non-operating expenses                                             |        | 11     |
|                                                            | Provision for doubtful accounts                                    | 0      |        |
|                                                            | Foreign exchange losses                                            | 5      |        |
|                                                            | Penalty for cancellation of rental building                        | 5      |        |
|                                                            | Other                                                              | 0      |        |
| Ordinary income                                            |                                                                    |        | 1,468  |
| Extraordinary Income and Loss Section                      | Extraordinary Gains                                                |        | 42     |
|                                                            | Reversal of allowance for directors' retirement benefits           | 19     |        |
|                                                            | Reversal of long-term accrued amount payable                       | 18     |        |
|                                                            | Gain on sales of fixed asset                                       | 1      |        |
|                                                            | Gain on sales of membership rights                                 | 2      |        |
|                                                            | Reversal of allowance for doubtful accounts                        | 0      |        |
|                                                            | Extraordinary losses                                               |        | 437    |
|                                                            | Special retirement benefits                                        | 357    |        |
|                                                            | Loss on disposals of fixed assets                                  | 76     |        |
|                                                            | Impairment loss on investment partnerships of affiliated companies | 0      |        |
|                                                            | Impairment loss on investment securities                           | 0      |        |
|                                                            | Impairment loss on membership rights                               | 2      |        |
| Income before taxes                                        |                                                                    |        | 1,074  |
| Income taxes                                               |                                                                    | 21     |        |
| Deferred income tax                                        |                                                                    | 433    | 455    |
| Net income                                                 |                                                                    |        | 619    |
| Retained earnings carried forward from the previous period |                                                                    |        | 165    |
| Unappropriated retained earnings at the end of period      |                                                                    |        | 784    |

## Notes

### 1. Significant accounting policies

#### (1) Valuation basis and valuation methods of marketable securities

##### (i) Shares of affiliated companies and subsidiaries

Cost method using the moving average method

##### (ii) Other marketable securities

With a market value:

Market value method based on the market value, etc. at the end of interim period (the full amount of valuation differences is directly charged or credited to the shareholders' equity; the cost of sales is computed based on the moving average method.)

Without a market value:

Cost method using the moving average method

#### (2) Valuation standard and valuation method of derivatives, etc.

Market value method (except exchange reservations already appropriated)

#### (3) Valuation basis and valuation method of inventories

Goods in process: Cost method based on specific identification method

The retail method applies to products manufactured at company-operated plant.

#### (4) Depreciation method for fixed assets

##### (i) Tangible fixed assets: Declining balance method

However, the straight-line method applies to all buildings (except equipment attached thereto) acquired on and after April 1, 1998.

The durable years for major assets are as follows:

Buildings: 3 to 47 years

Machinery and equipment: 3 to 15 years

Furniture and fixtures: 2 to 20 years

##### (ii) Intangible fixed assets: Straight-line method

The straight-line method based on the estimated useful life (5 years) applies to the software used internally.

##### (iii) Long-term prepaid expenses:

Equal amortization method

#### (5) Criteria for converting assets and liabilities in foreign currencies into Japanese yen

Money claims and liabilities in foreign currencies are converted into Japanese yen at the spot exchange rate at the end of interim period, with the conversion difference being recorded as profit and loss.

#### (6) Calculating basis of allowances

(i) Allowance for doubtful accounts:

The amount forecast to be uncollectible is reserved based on an overall evaluation that includes factors such as the actual rate of credit loss for general claims and taking account of the individual possibility of collection for specified claims, including claims at risk.

(ii) Liability for employee's retirement benefits:

To prepare for the payment of retirement benefits to employees, the amount expected to accrue at the end of the current interim accounting period is added based on the expected amount of retirement benefit liabilities and pension assets at the end of the current business year.

Since the anticipated amount of pension assets is in excess of the amount calculated by adding unrecognized past service liabilities and the difference in unrecognized actuarial calculations to the anticipated amount of retirement benefit liabilities, the surplus is added to the prepaid pension expenses.

With regard to the past service liabilities, the expenses are treated according to the appropriate straight line method for a specific period of years (15 years) within the average remaining service period of employees at the time such liabilities accrue.

Concerning the difference in actuarial calculations, the pro rata amount based on the straight line method for a specific period of years (15 years) within the average remaining service period of employees at the time such difference accrues is treated in profit and loss appropriation for the business year following the business year in which such difference accrues.

(iii) Retirement allowance for directors and corporate auditors:

To prepare for the payment of retirement allowances to directors and corporate auditors, the amount payable at the end of the interim period based on the regulations for retirement allowances for directors and corporate auditors is allocated.

This allowance includes an allowance (105 million yen) for executive officers.

It is the allowance specified in Article 43 of the Commercial Code Enforcement Regulations.

(7) Treatment method for leasing transactions:

All finance lease transactions except transactions of leased property whose ownership is to be transferred to the borrower are subjected to accounting treatment appropriate for regular lease transactions.

(8) Method for hedge accounting

(i) Method for hedge accounting: Exchange reservations are appropriated.

(ii) Hedging instruments and item to be hedged: Hedging instruments

Exchange reservation

Items to be hedged

Money claims and liabilities in foreign currencies  
and transactions to be made in foreign currencies

(iii) Hedging policy:

Hedging is conducted in order to avoid the risk of  
exchange fluctuations due to transactions in foreign  
currencies.

(iv) Method for assessing the effectiveness of hedging:

Exchange reservations are appropriated in the same  
currency and amount and on the same day as the item to  
be hedged at the conclusion thereof according to the risk  
management policy. Thus, the correlation with exchange

fluctuations to follow can be completely maintained,  
ensuring the effectiveness of hedging.

(9) Accounting treatment of consumption taxes, etc.: Tax exclusion method

(10) The documents have been prepared based on the "Commercial Code Enforcement Regulations" (the Ministry of Justice's ordinance No. 22 dated March 29, 2002; final revision: the Ministry of Justice's ordinance No. 4 dated January 13, 2005). The special provisions for affiliated companies specified in Article 48, Paragraph 1 of the Commercial Code Enforcement Regulations apply. The Regulations for Financial Statements, etc. and the Regulations for Interim Financial Statements, etc. partly apply as specified in Article 200 of the Commercial Code Enforcement Regulations.

(11) All amounts under one million yen are rounded down.

## 2. Modifications to the accounting policy

From the current interim accounting period, the company has applied the "Accounting Standards for Impairment of Fixed Assets" ("Statement of Opinions on the Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Guidance on Accounting Standards for Impairment of Fixed Assets" (Guidance on Accounting Standards No.6, October 31, 2003))

This application does not affect the profit and loss of the company.

## 3. Notes on the balance sheet

(1) Cumulative amount of depreciation of tangible fixed assets: 2.339 billion yen

(2) In addition to the fixed assets listed in the balance sheet, fixed assets used on a lease agreement include office machinery, plate making/printing equipment, and visual equipment.

(3) Liabilities for guarantee: 654 millions yen

(They are under joint and several guarantee with other companies, and the actual amount we bear is 327 million yen.)

## 4. Note on the statements of income

Interim net income per share: 62.10 yen

(This value is calculated based on the interim average number of shares of 9,974,877.)



(2) The Balance Sheets and the Statements of Income for Dentsu, Inc. prepared within six months prior to the general meeting of shareholders

**Balance Sheet**

(As of September 30, 2005)

(Unit: Millions of yen)

| ASSETS                               |                  | LIABILITIES                                       |                  |
|--------------------------------------|------------------|---------------------------------------------------|------------------|
| Account                              | Amount           | Account                                           | Amount           |
| <b>Current Assets</b>                | <b>499,860</b>   | <b>Current Liabilities</b>                        | <b>469,956</b>   |
| Cash and time deposits               | 38,773           | Notes payable                                     | 45,904           |
| Notes receivable                     | 24,703           | Accounts payable                                  | 318,172          |
| Accounts receivable                  | 353,335          | Short-term debt                                   | 52,871           |
| Securities                           | 149              | Income tax payable                                | 8,035            |
| Inventories                          | 15,568           | Allowance for loss on guarantees                  | 1,245            |
| Other current assets                 | 68,179           | Other                                             | 43,727           |
| Allowance for doubtful accounts      | (849)            |                                                   |                  |
| <b>Fixed Assets</b>                  | <b>577,134</b>   | <b>Long-term Liabilities</b>                      | <b>144,560</b>   |
| <b>Property, Plant and Equipment</b> | <b>245,706</b>   | Long-term loans payable                           | 80,458           |
| Buildings                            | 82,413           | Reserve for retirement benefits for employees     | 55,167           |
| Land                                 | 156,921          | Accrued retirement benefits for directors         | 2,202            |
| Other                                | 6,371            | Other                                             | 6,731            |
| <b>Intangible Assets</b>             | <b>21,027</b>    | <b>Total Liabilities</b>                          | <b>614,517</b>   |
| <b>Investments and other assets</b>  | <b>310,400</b>   | <b>STOCKHOLDERS' EQUITY</b>                       |                  |
| Investment securities                | 92,908           | Common stock                                      | 58,967           |
| Investments in affiliated companies  | 180,744          | Capital surplus                                   | 55,452           |
| Other                                | 40,781           | Retained earnings                                 | 342,360          |
| Allowance for doubtful accounts      | (999)            | Land revaluation account                          | 4,080            |
| Allowance for investment loss        | (3,034)          | Other securities valuation differences            | 16,726           |
|                                      |                  | Treasury stock                                    | (15,109)         |
|                                      |                  | <b>Total Stockholders' Equity</b>                 | <b>462,477</b>   |
| <b>Total Assets</b>                  | <b>1,076,994</b> | <b>Total Liabilities and Stockholders' Equity</b> | <b>1,076,994</b> |

( Statements of Income  
From April 1, 2005  
to September 30, 2005 )

(Unit: Millions of yen)

|                                                          |         |         |
|----------------------------------------------------------|---------|---------|
| <b>Ordinary Income and Loss</b>                          |         |         |
| <b>Operating Income and Loss</b>                         |         |         |
| Operating revenues                                       |         |         |
| Net sales                                                |         | 755,551 |
| Operating expense                                        |         |         |
| Cost of sales                                            | 652,032 |         |
| Selling, general and administrative expenses             | 86,469  | 738,502 |
| Operating income                                         |         | 17,049  |
| <b>Other Income and Loss</b>                             |         |         |
| Other income                                             |         |         |
| Interest and dividend income                             | 4,209   |         |
| Rental charge                                            | 1,647   |         |
| Miscellaneous income                                     | 1,804   | 7,660   |
| Other expense                                            |         |         |
| Interest expense                                         | 972     |         |
| Provision for allowance for doubtful accounts            | 390     |         |
| Miscellaneous loss                                       | 69      | 1,433   |
| <b>Ordinary Income</b>                                   |         | 23, 276 |
| <b>Extraordinary Income and Loss</b>                     |         |         |
| <b>Extraordinary income</b>                              |         |         |
| Gain on sales of fixed assets                            | 198     |         |
| Gain on sales of investment securities                   | 741     |         |
| Gain on sales of securities of affiliated companies      | 102     |         |
| Reversal of allowance for doubtful accounts              | 550     |         |
| Other                                                    | 5       | 1,598   |
| <b>Extraordinary loss</b>                                |         |         |
| Loss on sales of property, plant and equipment           | 317     |         |
| Loss on disposal of fixed assets                         | 8       |         |
| Loss on sales of investment securities                   | 2       |         |
| Revaluation loss on investment securities                | 312     |         |
| Revaluation loss on securities of affiliated companies   | 44      |         |
| Loss on asset impairment                                 | 538     |         |
| Loss on sales of memberships                             | 13      |         |
| Special retirement benefits                              | 1,086   |         |
| Provision for reserve for loss on guarantees             | 1,245   |         |
| Provision for allowance for investment loss              | 503     |         |
| Other                                                    | 10      | 4,084   |
| <b>Income before income tax</b>                          |         | 20,790  |
| Corporate tax, inhabitant tax and business tax           | 8,476   |         |
| Deferred income taxes                                    | 434     | 8,911   |
| <b>Net income</b>                                        |         | 11,879  |
| Retained earnings brought forward from the prior period  |         | 5,403   |
| Reversal of land revaluation differences                 |         | 454     |
| <b>Unappropriated retained earnings at end of period</b> |         | 17,737  |

(Notes) <Significant accounting policies>

(1) Valuation basis and valuation methods of marketable securities

(a) Shares of affiliated companies and subsidiaries

Cost method using the moving average method

(b) Other marketable securities

With a market value:

Market value method based on the market value, etc. at the end of interim period (the full amount of valuation differences is directly charged or credited to the shareholders' equity; the cost of sales is computed based on the moving average method.)

Without a market value:

Primarily cost method using the moving average method

(2) Valuation basis and method of inventories

Cost method based on specific identification method

(3) Valuation standard and valuation method of derivatives

Market value method

(4) Depreciation method for fixed assets

(a) Property, plant and equipment

Declining balance method. However, the straight-line method applies to all buildings (except equipment attached thereto) acquired on and after April 1, 1998.

The durable years for major assets are as follows:

Buildings: 3 to 50 years

Structures: 5 to 65 years

Equipment: 2 to 20 years

(b) Intangible fixed assets: Straight-line method

The straight-line method based on the estimated useful life (5 years) applies to the software used internally.

(c) Long-term prepaid expenses

Equal amortization method

(5) Calculating basis of allowances

(a) Allowance for doubtful accounts

The amount forecast to be uncollectible is reserved based on an overall evaluation that includes factors such as the actual rate of credit loss for general claims and taking account of the individual possibility of collection for specified claims, including claims at risk.

(b) Allowance for investment loss

To prepare for loss expected to accrue in the future, an amount deemed necessary is added with respect to securities without a market price, etc.

(Additional information)

With regard to securities, etc. whose real value has dropped significantly but is considered recoverable, an allowance for investment loss (3,034 million yen at

the end of the current interim period) is added in view of financial soundness because of some uncertainties in future predictions.

(c) Provision for loss on guarantees

To prepare for possible losses that could arise from guarantees and others, an estimated amount of coverage for such losses is allocated taking into account the financial condition of the vouchees. It is the allowance specified in Article 43 of the Commercial Code Enforcement Regulations.

(d) Reserve for retirement benefits for employees

To prepare for the payment of retirement benefits to employees, the amount expected to accrue at the end of the current interim accounting period is allocated based on the anticipated retirement benefit liabilities and pension assets at the end of the current fiscal year.

With regard to the past service liabilities, the expenses are treated according to the appropriate straight line method for a specific period of years (17 years) within the average remaining service period of employees at the time such liabilities accrue.

Concerning the difference in actuarial calculations, the pro rata amount based on the straight line method for a specific period of years (17 years) within the average remaining service period of employees at the time such difference accrues is posted as expenses for the fiscal year following the fiscal year in which such difference accrues.

(e) Accrued retirement benefits for directors

The amount payable at term-end based on the internal regulations for retirement allowances for directors is earmarked for the payment of retirement allowances to directors. This constitutes the allowance specified in Article 43 of the Commercial Code Enforcement Regulations.

(6) Treatment method for leasing transactions

All finance lease transactions except transactions of leased property whose ownership is to be transferred to the borrower are subject to account processing pursuant to the methods applied to regular lease transactions.

(7) Hedge accounting method

(a) Hedge accounting method:

Deferred hedging is adopted.

(b) Hedging instruments and items to be hedged

Hedge instruments

Exchange reservation

Items to be hedged

Foreign-currency-denominated forecasted transactions

(c) Hedging policy

Hedging is conducted in connection with foreign currency-denominated forecasted transactions based on the internal regulations in order to avoid the risk of exchange fluctuations consequent upon foreign currency-denominated transactions. Exchange reservations are limited to the value of foreign currency-denominated forecasted transactions, and the company does not undertake speculative transactions.

(d) Method for assessing the effectiveness of hedging

Assessment of the effectiveness of hedging is not considered necessary as the important terms of hedge instruments used are the same as those of items to be hedged, and therefore they are assumed to be highly effective in offsetting fluctuations in cash flow during the hedging period.

(8) Accounting treatment of consumption taxes, etc.:

The tax exclusion method is adopted for the accounting treatment of consumption taxes, etc.

- (9) The documents have been prepared based on the "Commercial Code Enforcement Regulations" (the Ministry of Justice's ordinance No. 22 dated March 29, 2002; final revision: the Ministry of Justice's ordinance No. 4 dated January 13, 2005). The special provisions for affiliated companies specified in Article 48, Paragraph 1 of the Commercial Code Enforcement Regulations apply. The Regulations for Financial Statements, etc. and the Regulations for Interim Financial Statements, etc. partly apply as specified in Article 200 of the Commercial Code Enforcement Regulations.

- (10) All amounts under one million yen are rounded down.

<Modifications to the accounting policy>

From the current interim accounting period, the company has applied the "Accounting Standards for Impairment of Fixed Assets" ("Statement of Opinions on the Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Guidance on Accounting Standards for Impairment of Fixed Assets" (Guidance on Accounting Standards No. 6, October 31, 2003). The interim net income before income taxes thus decreased by 538 million yen.

The cumulative amount of decrease and loss is directly deducted from the amount of each asset in accordance with the revised Regulations for Interim Financial Statements, etc.

<Notes on the balance sheet>

- (1) Cumulative amount of depreciation of tangible fixed assets: 51,723 million yen
- (2) In addition to the fixed assets listed in the balance sheet, office automation (OA) machines, etc. are used on a lease agreement.
- (3) Pledged assets
- |                        |                |
|------------------------|----------------|
| Cash and time deposits | 10 million yen |
| Investment securities  | 5 million yen  |
- (4) Outstanding guarantee liabilities 36,114 million yen

<Note on the statements of income>

Interim net income per share: 4,406.66 yen

(This value is calculated based on the interim average number of shares of 2,695,821.)

(3) The Final Balance Sheets and the Statements of Income for DENTSU TEC INC.

Balance Sheet

(As of March 31, 2005)

(Unit: Millions of yen)

| Account                                              | Amount | Account                                              | Amount |
|------------------------------------------------------|--------|------------------------------------------------------|--------|
| (ASSETS)                                             | 76,042 | (LIABILITIES)                                        | 51,226 |
| Current Assets                                       | 69,189 | Current Liabilities                                  | 47,518 |
| Cash and deposits                                    | 3,622  | Trade notes payable                                  | 2,536  |
| Trade notes receivable                               | 369    | Trade accounts payable                               | 40,412 |
| Trade accounts receivable                            | 50,052 | Accrued payable                                      | 1,064  |
| Accrued receivable                                   | 782    | Income tax payable                                   | 928    |
| Marketable securities                                | 1,104  | Accrued consumption taxes                            | 482    |
| Goods in process                                     | 2,195  | Accrued expenses                                     | 1,870  |
| Prepaid expenses                                     | 258    | Advance receipt                                      | 69     |
| Deferred tax assets                                  | 947    | Deposits received                                    | 95     |
| Short-term loans to affiliated companies             | 9,829  | Other                                                | 58     |
| Other                                                | 28     | Long-term Liabilities                                | 3,707  |
| Allowance for doubtful accounts                      | (2)    | Liability for employees' retirement benefits         | 2,928  |
| Fixed Assets                                         | 6,852  | Retirement allowances for directors and corporate    | 422    |
| Tangible fixed assets                                | 1,998  | Long-term accrued amount payable                     | 356    |
| Buildings                                            | 748    | (SHAREHOLDERS' EQUITY)                               | 24,816 |
| Structures                                           | 20     | Common stock                                         | 2,650  |
| Machinery and equipment                              | 50     | Additional paid-in capital                           | 3,283  |
| Automotive equipment                                 | 1      | Capital reserves                                     | 3,283  |
| Furniture and fixtures                               | 634    | Retained earnings                                    | 19,595 |
| Land                                                 | 543    | Legal reserves                                       | 156    |
| Intangible fixed assets                              | 537    | Optional reserves                                    | 18,247 |
| Land lease rights                                    | 3      | Voluntary reserves                                   | 18,247 |
| Software                                             | 477    | Unappropriated retained earnings                     | 1,192  |
| Other                                                | 57     | Net unrealized gain on available-for-sale securities | 62     |
| Investments and other assets                         | 4,316  |                                                      |        |
| Investment securities                                | 579    |                                                      |        |
| Investments in subsidiaries and affiliated companies | 673    |                                                      |        |
| Investment partnerships in affiliated companies      | 40     |                                                      |        |
| Investments in other affiliated companies            | 324    | Treasury stock                                       | (776)  |
| Long-term prepaid expenses                           | 14     |                                                      |        |
| Prepaid pension expenses                             | 76     |                                                      |        |
| Deferred tax assets                                  | 1,388  |                                                      |        |
| Membership rights                                    | 197    |                                                      |        |
| Guaranty money deposited                             | 628    |                                                      |        |
| Other                                                | 475    |                                                      |        |
| Allowance for doubtful accounts                      | (82)   |                                                      |        |
| Total Assets                                         | 76,042 | Total Liabilities and Shareholders' Equity           | 76,042 |

Statements of Income

From April 1, 2004  
to March 31, 2005

(Unit: Millions of yen)

| Account                                                    |                                                                 | Amount  |         |
|------------------------------------------------------------|-----------------------------------------------------------------|---------|---------|
| Ordinary Income and Loss Section                           | Operating revenues                                              |         | 156,964 |
|                                                            | Net sales                                                       | 156,964 |         |
|                                                            | Operating expense                                               |         | 153,725 |
|                                                            | Cost of sales                                                   | 139,746 |         |
|                                                            | Selling, general and administrative expenses                    | 13,979  |         |
|                                                            | Operating income                                                |         | 3,239   |
|                                                            | Non-operating revenues                                          |         | 107     |
|                                                            | Interest and dividend income                                    | 58      |         |
|                                                            | Insurance income                                                | 27      |         |
|                                                            | Received commission                                             | 13      |         |
|                                                            | Other                                                           | 7       |         |
|                                                            | Non-operating expense                                           |         | 119     |
|                                                            | Loss on sales of marketable securities                          | 24      |         |
|                                                            | Foreign exchange losses                                         | 35      |         |
|                                                            | Equity in losses of investment partnerships                     | 29      |         |
|                                                            | Condolence money                                                | 26      |         |
|                                                            | Other                                                           | 4       |         |
| Ordinary Income                                            |                                                                 |         | 3,227   |
| Extraordinary Income and Loss Section                      | Extraordinary gains                                             |         | 16      |
|                                                            | Penalty for cancellation of business rights                     | 11      |         |
|                                                            | Gain on sales of membership rights                              | 4       |         |
|                                                            | Other                                                           | 0       |         |
|                                                            | Extraordinary losses                                            |         | 1,083   |
|                                                            | Special retirement benefits                                     | 507     |         |
|                                                            | Settlement package                                              | 158     |         |
|                                                            | Loss on disposals of fixed assets                               | 107     |         |
|                                                            | Impairment loss on investment partnerships of affiliate company | 177     |         |
|                                                            | Impairment loss on investment securities                        | 114     |         |
|                                                            | Loss on sales of investment securities                          | 0       |         |
|                                                            | Impairment loss on membership rights                            | 18      |         |
|                                                            | Loss on sales of membership rights                              | 0       |         |
| Income before income taxes                                 |                                                                 |         | 2,159   |
| Income taxes                                               |                                                                 | 953     |         |
| Deferred income tax                                        |                                                                 | 156     | 1,110   |
| Net income                                                 |                                                                 |         | 1,049   |
| Retained earnings carried forward from the previous period |                                                                 |         | 142     |
| Unappropriated retained earnings at the end of year        |                                                                 |         | 1,192   |

## Notes

### 1. Significant accounting policies

#### (1) Valuation basis and valuation methods of marketable securities

##### (i) Shares of affiliated companies and subsidiaries

Cost method using the moving average method

##### (ii) Other marketable securities

With a market value:

Market value method based on the market value, etc. at the end of fiscal year (the full amount of valuation differences is directly charged or credited to the shareholders' equity; the cost of sales is computed based on the moving average method.)

Without a market value:

Cost method using the moving average method

#### (2) Valuation standard and valuation method of derivatives, etc.

Market value method (except exchange reservations already appropriated)

#### (3) Valuation basis and valuation method of inventories

Goods in process: Cost method based on specific identification method

The retail method applies to products manufactured at company-operated plant.

#### (4) Depreciation method for fixed assets

##### (i) Tangible fixed assets: Declining balance method

However, the straight-line method applies to all buildings (except equipment attached thereto) acquired on and after April 1, 1998.

The durable years for major assets are as follows:

Buildings: 3 to 47 years

Machinery and equipment: 3 to 15 years

Furniture and fixtures: 2 to 20 years

##### (ii) Intangible fixed assets: Straight-line method

The straight-line method based on the estimated useful life (5 years) applies to the software used internally.

##### (iii) Long-term prepaid expenses:

Equal amortization method

#### (5) Criteria for converting assets and liabilities in foreign currencies into Japanese yen

Money claims and liabilities in foreign currencies are converted into Japanese yen at the spot exchange rate at the end of the period, with the conversion difference being recorded as profit or loss.

#### (6) Calculating basis of allowances



(i) Allowance for doubtful accounts:

The amount forecast to be uncollectible is reserved based on an overall evaluation that includes factors such as the actual rate of credit loss for general claims and taking account of the individual possibility of collection for specified claims, including claims at risk.

(ii) Liability for employee's retirement benefits:

To prepare for the payment of retirement benefits to employees, the amount expected to accrue at the end of the current accounting period is added based on the expected amount of retirement benefit liabilities and pension assets at the end of the current business year.

Since the anticipated amount of pension assets is in excess of the amount calculated by adding unrecognized past service liabilities and the difference in unrecognized actuarial calculations to the anticipated amount of retirement benefit liabilities, the surplus is added to the prepaid pension expenses.

With regard to the past service liabilities, the expenses are treated according to the appropriate straight line method for a specific period of years (15 years) within the average remaining service period of employees at the time such liabilities accrue.

Concerning the difference in actuarial calculations, the pro rata amount based on the straight line method for a specific period of years (15 years) within the average remaining service period of employees at the time such difference accrues is treated in profit and loss appropriation for the business year following the business year in which such difference accrues.

(iii) Retirement allowance for directors and corporate auditors:

To prepare for the payment of retirement allowances to directors and corporate auditors, the amount payable at the end of the period based on the regulations for retirement allowances for directors and corporate auditors is allocated.

This allowance includes an allowance (139 million yen) for executive officers.

It is the allowance specified in Article 43 of the Commercial Code Enforcement Regulations.

(7) Treatment method for leasing transactions:

All finance lease transactions except transactions of leased property whose ownership is to be transferred to the borrower are subjected to accounting treatment appropriate for regular lease transactions.

(8) Method for hedge accounting

(i) Method for hedge accounting: Exchange reservations are appropriated.

(ii) Hedging instruments and item to be hedged: Hedging instruments

Exchange reservation

Items to be hedged

Money claims and liabilities in foreign currencies  
and transactions to be made in foreign currencies

(iii) Hedging policy:

Hedging is conducted in order to avoid the risk of  
exchange fluctuations due to transactions in foreign  
currencies.

(iv) Method for assessing the effectiveness of hedging:

Exchange reservations are appropriated in the same  
currency and amount and on the same day as the item to  
be hedged at the conclusion thereof according to the risk  
management policy. Thus, the correlation with exchange

fluctuations to follow can be completely maintained,  
ensuring the effectiveness of hedging.

(9) Accounting treatment of consumption taxes, etc.: Tax exclusion method

(10) All amounts under one million yen are rounded down.

## 2. Notes on the balance sheet

### (1) Monetary claims and liabilities to affiliated companies

|                                  |                    |
|----------------------------------|--------------------|
| Short-term monetary claims:      | 54,224 million yen |
| Long-term monetary liabilities:  | 1 million yen      |
| Short-term monetary liabilities: | 570 million yen    |

(2) Cumulative amount of depreciation of tangible fixed assets: 2,349 million yen

(3) In addition to the fixed assets listed in the balance sheet, fixed assets used on a lease agreement include office machinery, plate making/printing equipment, and audio-visual equipment.

(4) Guarantee liabilities: 675 million yen

(These liabilities are under joint and several guarantee with other companies, and the actual amount we bear is 337 million yen.)

(5) Net asset value specified in Article 124, Item 3 of the Commercial Code Enforcement Regulations: 62 million yen

(6) Because the "Ordinance for Revisions to Part of the Securities Exchange Act, etc." (2004 law No. 97) was promulgated and has been in force since December 1, 2004, and the "Practical Guidelines Concerning Financial Product Accounting" (Accounting System Committee Report No. 14) was revised on February 15, 2005, investments in investment business limited partnerships and other similar partnerships (considered to be marketable securities as defined in Article 2, Paragraph 2 of the Securities Exchange Act) that were included in the investments and equity funds of other assets are to be treated as investment securities of investments and other assets and securities of other affiliated companies from the current business year.

The amount of equity funds included in investment securities and that included in securities of other affiliated companies for the current business year is 80 million yen and 324 million yen, respectively, whereas the amount of equity funds included in investments and that included in equity funds of other assets for the immediately preceding business year is 104 million yen and 156 million yen, respectively.

## 3. Notes on the statements of income

### (1) Volume of transactions with affiliated companies

|           |                     |
|-----------|---------------------|
| Net sales | 129,705 million yen |
| Purchases | 3,618 million yen   |

|                    |                |
|--------------------|----------------|
| Dividends received | 41 million yen |
|--------------------|----------------|

|                                   |            |
|-----------------------------------|------------|
| (2) Current net profit per share: | 102.37 yen |
|-----------------------------------|------------|

(Basis for calculation of current net profit per share)

|             |                   |
|-------------|-------------------|
| Net profit: | 1,049 million yen |
|-------------|-------------------|

|                                                         |                |
|---------------------------------------------------------|----------------|
| Amount not belonging to shareholders of ordinary share: | 26 million yen |
|---------------------------------------------------------|----------------|

|                                                          |                  |
|----------------------------------------------------------|------------------|
| (The bonus paid to directors by appropriation of profit) | (26 million yen) |
|----------------------------------------------------------|------------------|

|                                                |                   |
|------------------------------------------------|-------------------|
| Current net profit relating to ordinary share: | 1,023 million yen |
|------------------------------------------------|-------------------|

|                                                          |                  |
|----------------------------------------------------------|------------------|
| Average number of ordinary share for the current period: | 9,995,298 shares |
|----------------------------------------------------------|------------------|

#### 4. Notes on tax effect accounting

(1) Deferred tax assets and liabilities comprise the following (Unit: millions of yen)

##### Deferred tax assets (Current)

|                                        |     |
|----------------------------------------|-----|
| Amount excluded from accrued expenses: | 700 |
|----------------------------------------|-----|

|                      |    |
|----------------------|----|
| Business tax payable | 87 |
|----------------------|----|

|                                                    |    |
|----------------------------------------------------|----|
| Revaluation loss on equity in affiliated companies | 72 |
|----------------------------------------------------|----|

|       |    |
|-------|----|
| Other | 87 |
|-------|----|

|                                     |     |
|-------------------------------------|-----|
| Total deferred tax assets (current) | 947 |
|-------------------------------------|-----|

##### Deferred tax assets (fixed)

|                                               |       |
|-----------------------------------------------|-------|
| Reserve for retirement benefits for employees | 1,052 |
|-----------------------------------------------|-------|

|                                           |     |
|-------------------------------------------|-----|
| Accrued retirement benefits for directors | 173 |
|-------------------------------------------|-----|

|                         |     |
|-------------------------|-----|
| Long-term other payable | 146 |
|-------------------------|-----|

|                                 |    |
|---------------------------------|----|
| Revaluation loss on memberships | 79 |
|---------------------------------|----|

|        |     |
|--------|-----|
| Others | 181 |
|--------|-----|

|                                         |       |
|-----------------------------------------|-------|
| Subtotal of deferred tax assets (fixed) | 1,632 |
|-----------------------------------------|-------|

|                   |       |
|-------------------|-------|
| Valuation reserve | (199) |
|-------------------|-------|

|                                   |       |
|-----------------------------------|-------|
| Total deferred tax assets (fixed) | 1,433 |
|-----------------------------------|-------|

##### Deferred tax liabilities (fixed)

|                                                   |      |
|---------------------------------------------------|------|
| Other marketable securities valuation differences | (45) |
|---------------------------------------------------|------|

|                                 |       |
|---------------------------------|-------|
| Net deferred tax assets (fixed) | 1,388 |
|---------------------------------|-------|

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax-effect accounting

|                                                                                |              |
|--------------------------------------------------------------------------------|--------------|
| Statutory income tax rate                                                      | 41.0%        |
| (Reconciliation items)                                                         |              |
| Social expenses and others, which are permanently non-deductible               | 3.6          |
| Dividend income and others, which are permanently excluded from taxable income | (0.8)        |
| Inhabitant tax on per capita basis:                                            | 0.7          |
| Valuation reserve                                                              | 7.5          |
| Tax credit:                                                                    | (1.5)        |
| Others                                                                         | 0.9          |
| Income tax rate after application of tax effect accounting                     | <u>51.4%</u> |

5. Notes on retirement benefits

(1) Overview of the retirement benefit system adopted

We have adopted the qualified retirement annuity and retirement lump sum grant system that is a fixed benefit type system.

|                                                               |                         |
|---------------------------------------------------------------|-------------------------|
| (2) Matters concerning retirement benefit liabilities:        | (Unit: Millions of yen) |
| (i) Retirement benefit liabilities:                           | (8,840)                 |
| (ii) Pension assets                                           | 5,409                   |
| (iii) Non-accumulated retirement benefit liabilities (i + ii) | (3,430)                 |
| (iv) Difference in unrecognized actuarial calculation:        | 449                     |
| (v) Unrecognized past service liabilities:                    | 129                     |
| (vi) Net amount on balance sheet (iii + iv + v):              | (2,851)                 |
| (vii) Prepaid pension expenses:                               | 76                      |
| (viii) Allowance for retirement benefits (vi - vii):          | <u>(2,928)</u>          |

|                                                             |                         |
|-------------------------------------------------------------|-------------------------|
| (3) Matters concerning retirement benefit costs:            | (Unit: Millions of yen) |
| (i) Service cost:                                           | 495                     |
| (ii) Interest cost:                                         | 225                     |
| (iii) Expected operating profit (deducted):                 | (118)                   |
| (iv) Cost difference in mathematical calculation treated:   | 73                      |
| (v) Processed past service liabilities costs:               | 9                       |
| (vi) Extra retirement allowance paid on a temporary basis:  | 507                     |
| (vii) Retirement benefit cost (i + ii + iii + iv + v + vi): | <u>1,193</u>            |

(4) Matters concerning the basis for the calculation of retirement benefit liabilities, etc.

(i) Discount rate: 2.5%

(ii) Expected operating profit rate: 2.82%

(iii) Period distribution method for expected retirement benefits: Periodical straight line standard

(iv) Years of treatment of past service liabilities:

15 years (Expenses are treated according to the appropriate straight line method for the specific period of years within the average remaining service period of employees at the time such liabilities accrue.)

(v) Years of treatment of difference in actuarial calculation:

15 years (The pro rata amount based on the straight line method for the specific period of years within the average remaining service period of employees at the time such difference accrues is posted as expenses for the business year following the business year in which such difference accrues.)

## (4) The Final Balance Sheets and the Statements of Income for Dentsu Inc.

Balance Sheet

(As of March 31, 2005)

(Unit: Millions of yen)

| ASSETS                                   |                | LIABILITIES                                   |                |
|------------------------------------------|----------------|-----------------------------------------------|----------------|
| Account                                  | Amount         | Account                                       | Amount         |
| <b>Current Assets</b>                    | <b>548,320</b> | <b>Current Liabilities</b>                    | <b>495,818</b> |
| Cash and time deposits                   | 50,167         | Notes payable                                 | 44,220         |
| Notes receivable                         | 24,560         | Accounts payable                              | 338,813        |
| Accounts receivable                      | 383,637        | Short-term debt                               | 34,693         |
| Securities                               | 149            | Current portion of long-term debt             | 19,432         |
| Works                                    | 2,100          | Other payable                                 | 10,315         |
| Work in process                          | 17,859         | Accrued expenses                              | 17,028         |
| Supplies                                 | 212            | Income tax payable                            | 13,734         |
| Advance payments                         | 26,147         | Advances by customers                         | 13,396         |
| Prepaid expenses                         | 216            | Deposits payable                              | 1,189          |
| Short-term loans to affiliated companies | 33,153         | Other                                         | 2,994          |
| Deferred tax assets                      | 9,185          |                                               |                |
| Other current assets                     | 2,034          | <b>Long-term Liabilities</b>                  | <b>161,540</b> |
| Allowance for doubtful accounts          | (1,104)        | Long-term loans payable                       | 96,430         |
| <b>Fixed Assets</b>                      | <b>557,314</b> | Long-term other payable                       | 898            |
| Property, plant and equipment            | 250,261        | Long-term deposits received                   | 2,970          |
| Buildings                                | 85,180         | Reserve for retirement benefits for employees | 56,110         |
| Structures                               | 2,274          | Accrued retirement benefits for directors     | 1,979          |
| Vessels                                  | 1              | Deferred tax liabilities for land revaluation | 3,152          |
| Vehicles                                 | 50             |                                               |                |
| Equipment                                | 4,548          |                                               |                |
| Land                                     | 158,205        |                                               |                |
| <b>Intangible assets</b>                 | <b>21,637</b>  | <b>Total Liabilities</b>                      | <b>657,359</b> |
| Leasehold                                | 6              |                                               |                |
| Software                                 | 21,426         | <b>Stockholders' Equity</b>                   |                |
| Utility rights                           | 4              | Common stock                                  | 58,967         |
| Telephone rights                         | 200            | Capital surplus                               | 55,358         |
|                                          |                | Additional paid-in capital                    | 55,358         |
| <b>Investments and other assets</b>      | <b>285,416</b> | Retained earnings                             | 332,767        |
| Investment securities                    | 64,223         | Earned surplus reserve                        | 722            |
| Investments in affiliated companies      | 180,350        | Voluntary reserves                            | 302,100        |
| Other securities of affiliated companies | 9,369          | Special reserve                               | 302,100        |
| Investments in capital                   | 769            | Unappropriated retained earnings for the year | 29,944         |
| Membership rights                        | 3,432          |                                               |                |
| Long-term loans                          | 1,217          | Land revaluation account                      | 4,535          |
| Guarantee deposit                        | 1,247          |                                               |                |

|                                 |           |                                            |           |
|---------------------------------|-----------|--------------------------------------------|-----------|
| Claims in bankruptcy            | 728       | Other securities valuation differences     | 12,090    |
| Long-term prepaid expenses      | 669       | Treasury stock                             | (15,443)  |
| Deferred tax assets             | 24,084    |                                            |           |
| Other                           | 3,234     |                                            |           |
| Allowance for doubtful accounts | (1,376)   |                                            |           |
| Allowance for investment loss   | (2,535)   | Total stockholders' equity                 | 448,276   |
| Total assets                    | 1,105,635 | Total Liabilities and Stockholders' Equity | 1,105,635 |

**Statements of Income**  
 From April 1, 2004  
 to March 31, 2005

(Unit: Millions of yen)

|                                                                     |           |           |
|---------------------------------------------------------------------|-----------|-----------|
| <b>Ordinary Income and Loss</b>                                     |           |           |
| <b>Operating Income and Loss</b>                                    |           |           |
| Operating revenues                                                  |           |           |
| Net sales                                                           |           | 1,531,939 |
| Operating expense                                                   |           |           |
| Cost of sales                                                       | 1,318,289 |           |
| Selling, general and administrative expenses                        | 171,932   | 1,490,222 |
| Operating income                                                    |           | 41,717    |
| <b>Other Income and Loss</b>                                        |           |           |
| Other income                                                        |           |           |
| Interest and dividend income                                        | 5,572     |           |
| Rental charge                                                       | 3,461     |           |
| Miscellaneous income                                                | 1,195     | 10,229    |
| Other expense                                                       |           |           |
| Interest expense                                                    | 2,070     |           |
| Provision for allowance for doubtful accounts                       | 30        |           |
| Loss from investments in investment consortiums                     | 261       |           |
| Miscellaneous loss                                                  | 323       | 2,685     |
| Ordinary income                                                     |           | 49,261    |
| <b>Extraordinary Income and Loss</b>                                |           |           |
| Extraordinary income                                                |           |           |
| Gain on sales of fixed assets                                       | 1,065     |           |
| Gain on sales of investment securities                              | 1,098     |           |
| Gain on distribution of residual properties of affiliated companies | 66        |           |

|                                                        |         |        |
|--------------------------------------------------------|---------|--------|
| Gain on partial refund of retirement allowance         | 67      |        |
| Other                                                  | 59      | 2,358  |
| Extraordinary loss                                     |         |        |
| Loss on sales of property, plant and equipment         | 608     |        |
| Loss on disposal of fixed assets                       | 417     |        |
| Loss on sales of investment securities                 | 62      |        |
| Revaluation loss on investment securities              | 378     |        |
| Revaluation loss on securities of affiliated companies | 494     |        |
| Loss on liquidation of affiliated companies            | 25      |        |
| Loss on sales of memberships                           | 45      |        |
| Revaluation loss on memberships                        | 13      |        |
| Special retirement benefits                            | 305     |        |
| Provision for allowance for investment loss            | 2,535   |        |
| Other                                                  | 2       | 4,887  |
| Income before income taxes                             |         | 46,732 |
| Corporate tax, inhabitant tax and business tax         | 22,211  |        |
| Deferred income taxes                                  | (1,800) | 20,411 |
| Net income                                             |         | 26,321 |
| Retained earnings brought forward from the prior year  |         | 2,820  |
| Reversal of land revaluation differences               |         | 2,150  |
| Interim dividends                                      |         | 1,347  |
| Unappropriated retained earnings at end of year        |         | 29,944 |



(Notes) <Significant accounting policies>

(1) Valuation basis and valuation methods of marketable securities

(a) Shares of affiliated companies and subsidiaries

Cost method using the moving average method

(b) Other marketable securities

With a market value:

Market value method based on the market value, etc. at the end of period (the full amount of valuation differences is directly charged or credited to the shareholders' equity; the cost of sales is computed based on the moving average method.)

Without a market value:

Primarily cost method using the moving average method

(2) Valuation basis and method of inventories

Works, goods in process and supplies

Cost method based on specific identification method

(3) Valuation standard and valuation method of derivatives

Market value method

(4) Depreciation method for fixed assets

(a) Property, plant and equipment

Declining balance method. However, the straight-line method applies to all buildings (except equipment attached thereto) acquired on and after April 1, 1998.

The durable years for major assets are as follows:

Buildings: 3 to 50 years

Structures: 5 to 65 years

Equipment: 2 to 20 years

(b) Intangible fixed assets: Straight-line method

The straight-line method based on the estimated useful life (5 years) applies to the software used internally.

(c) Long-term prepaid expenses

Equal amortization method

(5) Calculating basis of allowances

(a) Allowance for doubtful accounts

The amount forecast to be uncollectible is reserved based on an overall evaluation that includes factors such as the actual rate of credit loss for general claims and taking account of the individual possibility of collection for specified claims, including claims at risk.

(b) Allowance for investment loss:

To prepare for loss expected to accrue in the future, an amount deemed necessary is added to securities without a market price, etc.

(Additional information)

With regard to securities, etc. whose real value has dropped significantly but is considered recoverable, an allowance for investment loss (2,535 million yen) is added in view of financial soundness because of some uncertainties in future predictions.

(c) Reserve for retirement benefits for employees

To prepare for the payment of retirement benefits to employees, the amount estimated is allocated based on the anticipated retirement benefit liabilities and pension assets at the end of the current period.

With regard to the past service liabilities, the expenses are treated according to the appropriate straight line method for a specific period of years (17 years) within the average remaining service period of employees at the time such liabilities accrue.

Concerning the difference in actuarial calculations, the pro rata amount based on the straight line method for a specific period of years (17 years) within the average remaining service period of employees at the time such difference accrues is posted as expenses for the fiscal year following the fiscal year in which such difference accrues.

(Additional information)

With the enforcement of the Defined Benefit Business Annuity Law, we applied concurrently for a partial refund from the welfare pension fund for both the future and the past, acquired the approval of the Minister of Health, Labor and Welfare on March 31, 2004, and paid the refunded amount (minimum liability reserve) on December 10, 2004.

Thus, the difference of 67 million yen between the retirement pension liability corrected according to the approval for the partial refund and the actual amount refunded is added as an extraordinary gain.

(d) Accrued retirement benefits for directors

The amount payable at term-end based on the internal regulations for retirement allowances for directors is earmarked for the payment of retirement allowances to directors. This constitutes the allowance specified in Article 43 of the Commercial Code Enforcement Regulations.

(6) Treatment method for leasing transactions

All finance lease transactions except transactions of leased property whose ownership is to be transferred to the borrower are subject to account processing pursuant to the methods applied to regular lease transactions.

(7) Hedge accounting method

(a) Hedge accounting method:

Deferred hedging is adopted.

(b) Hedging instruments and items to be hedged:

Hedge instruments

Exchange reservation

Items to be hedged

Foreign-currency-denominated forecasted transactions

(c) Hedging policy

Hedging is conducted in connection with foreign currency-denominated forecasted transactions based on the internal regulations in order to avoid the risk of exchange fluctuations consequent upon foreign currency-denominated

transactions. Exchange reservations are limited to the value of foreign currency-denominated forecasted transactions, and the company does not undertake speculative transactions.

(d) Method for assessing the effectiveness of hedging

Assessment of the effectiveness of hedging is not considered necessary as the important terms of hedge instruments used are the same as those of items to be hedged, and therefore they are assumed to be highly effective in offsetting fluctuations in cash flow during the hedging period.

(8) Accounting treatment of consumption taxes, etc.:

The tax exclusion method is adopted for the accounting treatment of consumption taxes, etc.

(9) The documents have been prepared based on the "Commercial Code Enforcement Regulations" (Ministry of Justice Ordinance No. 22 dated March 29, 2002; final revision: Ministry of Justice Ordinance No. 4 dated January 13, 2005). The special provisions for affiliated companies specified in Article 48, Paragraph 1 of the Commercial Code Enforcement Regulations apply. The Regulations for Financial Statements, etc. apply in part as specified in Article 200 of the Commercial Code Enforcement Regulations.

(10) All amounts under one million yen are rounded down.

<Modifications to the indication method>

Investments in investment business limited partnerships and other similar partnerships (considered to be marketable securities as defined in Section 2, Article 2, of the Securities Exchange Act) that were included in the investments in capital in the investments and other assets, are treated as investment securities and other securities of affiliated companies from the current period.

The amount of such investments included in investment securities and that included in other securities of affiliated companies for the current period is 460 million yen and 1,666 million yen, respectively.

<Notes on the balance sheet>

(1) Monetary claims and liabilities to affiliated companies

Short-term monetary claims: 55,778 million yen

Long-term monetary claims: 148 million yen

Short-term monetary liabilities: 138,325 million yen

Long-term monetary liabilities: 2,954 million yen

(2) Cumulative amount of depreciation of tangible fixed assets: 49,135 million yen

(3) In addition to the fixed assets listed in the balance sheet, office automation (OA) machines, etc. are used on a lease agreement.

(4) Investments in capital include investments in affiliated companies of 638 million.

(5) Pledged assets

Cash and time deposits 10 million yen

Investment securities 5 million yen

(6) Outstanding guarantee liabilities 43,730 million yen

(7) Limit to dividends

Increased net asset value specified in Article 124, Item 3 of the Commercial Code Enforcement Regulations: 12,090 million yen

Amount deducted from the net asset value specified as in Article 7.2, Paragraph 1 of the Law Concerning Revaluation of Land 4,535 million yen

- (8) Land for business use was revaluated based on the Law Concerning Revaluation of Land (promulgated on March 31, 1998, law No. 34). The tax equivalent to the valuation difference is included in the liabilities as a deferred tax liability relating to the revaluation, and the amount with the difference deducted is added to the assets as a land revaluation difference.

Revaluation method specified in Article 3, Paragraph 3 of the Law Concerning Revaluation of Land

The method for rationally adjusting land values calculated according to the method determined and announced by Director-General of the National Tax Administration Agency, which forms the basis for the calculation of prices to be subjected to land value taxes specified in Article 16 of the Land Value Tax Law defined in Article 2, Item 4 of the Enforcement Act for the Law Concerning Revaluation of Land (promulgated on March 31, 1998, government ordinance No. 119), and the method of calculation by assessment by real estate appraisers specified in Article 2, Item 5 of the act are used conjunctively.

Date of revaluation:

March 31, 2001

Difference between the value of the revaluated land at the end of the period and the book value after revaluation (22,728 million yen)

<Notes on the statements of income>

(1) Volume of transactions with affiliated companies

|                              |                     |
|------------------------------|---------------------|
| Sales                        | 74,497 million yen  |
| Purchases                    | 207,499 million yen |
| Other operating transactions | 27,037 million yen  |
| Non-operating transactions   | 15,512 million yen  |

(2) Net income per share:

9,748.28 yen

(This value is calculated based on the average number of shares of 2,695,358 for the period.)

<Notes on tax effect accounting>

(1) Deferred tax assets and liabilities comprise the following

Deferred tax assets

|                                               |                            |
|-----------------------------------------------|----------------------------|
| Allowance for doubtful accounts               | 633 million yen            |
| Accrued expenses                              | 6,118million yen           |
| Business tax payable                          | 1,189million yen           |
| Reserve for retirement benefits for employees | 35,860million yen          |
| Accrued retirement benefits for directors     | 811 million yen            |
| Revaluation loss on securities, etc.          | 8,184 million yen          |
| Inventories                                   | 1,440 million yen          |
| Allowance for investment loss                 | 1,039 million yen          |
| Others                                        | <u>1,341 million yen</u>   |
| Subtotal of deferred tax assets               | 56,618 million yen         |
| Valuation reserve                             | <u>(2,712 million yen)</u> |
| Total deferred tax assets                     | <u>53,905 million yen</u>  |

Deferred tax liabilities

|                                                                      |                             |
|----------------------------------------------------------------------|-----------------------------|
| Gains on securities contributed to employee retirement benefit trust | (12,234 million yen)        |
| Other securities valuation differences                               | <u>(8,401 million yen)</u>  |
| Total deferred tax liabilities                                       | <u>(20,636 million yen)</u> |
| Net value of deferred tax assets                                     | <u>33,269 million yen</u>   |

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax-effect accounting

|                                                                                |               |
|--------------------------------------------------------------------------------|---------------|
| Statutory income tax rate                                                      | 41.0%         |
| (Reconciliation items)                                                         |               |
| Social expenses and others, which are permanently non-deductible               | 3.3%          |
| Dividend income and others, which are permanently excluded from taxable income | (2.3%)        |
| Special deduction of corporate income taxes, etc.                              | (3.4%)        |
| Change in valuation reserve                                                    | 5.8%          |
| Others                                                                         | <u>(0.7%)</u> |
| Income tax rate after application of tax effect accounting                     | <u>43.7%</u>  |

**Agenda Item 2: To partially amend the Articles of Incorporation**

**1. Reason for change**

- (1) If Agenda Item 1, "to approve a share exchange agreement between DENTSU TEC INC. (the "Company") and Dentsu Inc.," is approved and share exchange procedures are implemented, the share exchange will take place on April 1, 2006, at which time shareholders of the Company (with the exception of Dentsu Inc.) will become shareholders of Dentsu Inc.

As a result, the only shareholder of the Company at the time of the general meeting of shareholders for the 80<sup>th</sup> term, scheduled to be convened in June 2006, will be Dentsu Inc. The record date system is predicated on the existence of multiple shareholders and will therefore no longer be necessary at that point in time. In light of this, it is proposed to delete Article 12 (record date) of the current Articles of Incorporation so that a shareholder as at the date of the general meeting is able to exercise voting rights at the general meeting.

If this change in the Articles of Incorporation is approved, shareholders of the Company prior to the share exchange other than Dentsu Inc. will be unable to exercise voting rights as shareholders of the Company at the 80<sup>th</sup> general meeting of shareholders. It should be noted in this regard that Dentsu Inc. employs a record date system that uses the last day of March as its record date. Shareholders of DENTSU TEC prior to the share exchange will not be able to exercise rights as shareholders of Dentsu Inc. at Dentsu Inc.'s ordinary general meeting of shareholders, which is scheduled for June 2006, for the shares of Dentsu Inc. allocated under the share exchange. However, with regards to the Company's dividends for FY2005, Article 38 (dividend) of the amended Articles of Incorporation stipulates that dividends be paid to the shareholders or registered pledgees whose names appear on the shareholders' register as of the close of business on March 31, 2006, which is prior to the share exchange. While the amount of this dividend is subject to change according to the performance of the Company, in light of the circumstances described above, the Company anticipates at the current point in time paying a dividend of at least ¥20 per share.

This Agenda Item is conditional upon the approval of Agenda Item 1, "to approve a share exchange agreement between DENTSU TEC INC. and Dentsu Inc."

- (2) In conjunction with the deletion of the article, the numbering of subsequent articles will be adjusted.

**2. Description of change**

Below is a description of the change.

(Changes shown with underlines.)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                           | Proposed change                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| (Base date)                                                                                                                                                                                                                                                                                                                                                                 |                                           |
| Article 12 <u>The company deems shareholders of register as noted in the final shareholders registry for each settlement term to be shareholders able to exercise rights at the Ordinary General Meeting of Shareholders for that term.</u>                                                                                                                                 | (Deleted)                                 |
| 2. <u>In addition to the above, in the event that it is necessary, the company may, with a resolution of the Board of Directors, publish in advance a date upon which shareholders of register as noted in the final shareholders registry for the date and registered pledge-holders are deemed shareholders and/or registered pledge-holders able to exercise rights.</u> |                                           |
| Chapter 3 General Meeting of Shareholders                                                                                                                                                                                                                                                                                                                                   | Chapter 3 General Meeting of Shareholders |
| (Convention)                                                                                                                                                                                                                                                                                                                                                                | (Convention)                              |
| Article 13    }                                                                                                                                                                                                                                                                                                                                                             | Article 12    }                           |
| } (Omitted)                                                                                                                                                                                                                                                                                                                                                                 | } (As currently constituted)              |
| Article 41    }                                                                                                                                                                                                                                                                                                                                                             | Article 40    }                           |

End of document